

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FI-2383**

**For:** State and County Offices

**Screening Process for FLP Treasury Offset Program (TOP) Calendar Year 1999**

**Approved by:** Acting Deputy Administrator, Management



**1 Overview**

**A**

**Background**

The Debt Collection Improvement Act (DCIA) of 1996 requires that delinquent debtors be referred to TOP for administrative offset of Federal government payments, including the following:

- income tax refunds
- Federal salary pay, including military pay
- Federal retirement, including military retirement pay
- contractor or vendor payments
- certain Federal benefit payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits, (when regulations are published)
- other Federal payments that are not exempt from offset.

A 2-phase process will be used to screen for TOP offset eligibility. Phase 1 will screen delinquent debtors 90 calendar days or more past due for eligibility to receive the 60-day notice. In phase 2, Field Offices will delete debtors before certification if the borrower resolves the delinquency.

Continued on the next page

**Disposal Date**

August 1, 2000

**Distribution**

State Offices; State Offices relay to County Offices

## 1 Overview (Continued)

---

### B

#### Purpose

This notice provides:

- guidance on determining eligibility for receiving a 60-day notice
  - instructions for deleting debtors on the TOP (formerly IRS) offset update screens.
- 

### C

#### Contacts

Address questions about this notice as follows:

- County Offices shall contact the State Office
  - State Offices shall contact 1 of the following offices:
    - for questions about FLP procedures, LSPMD
    - for questions about the screening process, Loan Operations Division, Program Reporting Branch at 314-539-2494.
- 

## 2 St. Louis Finance Office Responsibility

---

### A

#### Debtors Selected for TOP Offset Screen

The St. Louis Finance Office will make the TOP offset online screens available to State and County Offices no later than the week of August 16, 1999. All delinquent debtors 90 calendar days past due and not flagged “BAP” or “SAA”, with a loan or loans at least \$25 delinquent, will be reflected on the screens. Chargeoff borrowers not released from liability (class of writeoff code = 5) and employee defalcations are also included. Report Code 540, as of August 1, 1999, will be used to determine eligibility for debtors appearing on the screen. For accounts with an ACL, FAP, or CAP flag, cost item loans, and for employee defalcations, the delinquent amount is the unpaid principal and interest.

Debtors flagged “51-S” have been included. Debtors who have requested servicing under FmHA Instruction 1951-S are **eligible** for offset until a repayment plan has been approved by FSA. Debtors flagged "51-S" whose account appears delinquent because of transaction code 5S or 5T problems should be deleted. Contact your Finance Office loan servicing team to verify delete eligibility because of transaction processing problems.

**Note:** Additional debtors or loans cannot be added. This capability is under development, as is capturing judgments and delinquent leases.

---

Continued on the next page

## 2 St. Louis Finance Office Responsibility (Continued)

---

### B

#### Letters to Debtors

During the week of September 13, 1999, the St. Louis Finance Office will send a 60-day notice to all debtors not deleted on the offset screens in phase 1. See Exhibit 1 for a copy of the letter. This letter provides the 60-day due process required under DCIA. Debtors will have 60 calendar days from the date of receipt to provide evidence in writing to the servicing official that their debt should not be offset. **This letter does not provide new appeal rights.**

---

## 3 County Office Responsibility

---

### A

#### Screening Process

During the week of August 16, 1999, servicing officials will be provided access to the TOP offset online screen. Servicing officials have until COB September 10, 1999, to:

- review the online screens and determine if each debtor has a loan or loans which make the debtor eligible to receive a 60-day due process letter

**Note:** Verify the accuracy of any flags on the debtor's account and correct, if necessary.

- review Exhibit 2 for delete codes which will be programmatically generated based on the status of the debtor's account

**Note:** No servicing office action is needed for debtors who fit the delete code criteria in Exhibit 2.

- enter a delete code for **each** loan which is ineligible based on criteria in Exhibit 3. Do not use codes which are not in Exhibit 3.

For debtors whose files are being handled in another office, contact that office for a determination of eligibility.

If the servicing official is not able to access his or her debtors and the servicing official is aware that there should be debtors on the screens, contact the State Office.

**Note: Each loan must be reviewed to determine whether the 10-year statute of limitations for collection by offset has expired. Only the servicing office can determine whether the loan should be deleted.**

---

Continued on the next page

### 3 County Office Responsibility (Continued)

---

#### B

#### How to Access Screens

County Offices can view and delete loans from the TOP offset online screens as follows.

- On the Online Subsystem Selection Menu, select “TOPOFFST”. The Borrowers Selection Menu will be displayed.
- On the Borrowers Selection Menu, enter 1 of the following to view all borrowers by servicing office or to view an individual borrower by case number.
  - ENTER “2” in the “Enter Option” field to view borrowers by State and county. Enter the 2-digit non-FIPS State code (former FmHA code) in the “Enter State” field. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code and the 3-digit servicing office code, and PRESS “Enter”.
  - ENTER “3” in the “Enter Option” field to view borrowers by case number. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code (former FmHA code) and the 3-digit servicing office code, in the “Enter State and County” field. Enter the entire 15-digit borrower case number in the “Enter Case Number” field and PRESS “Enter”. The loans for the borrower requested will be displayed if the borrower is within the requestor’s servicing jurisdiction.
  - ENTER “4” in the “Enter Option” field to return to the Online Subsystem Selection Menu and PRESS “Enter”.

---

Continued on the next page

### 3 County Office Responsibility (Continued)

---

#### C

**Deleting Debtors** After accessing debtors through option 2 or 3 on the Borrowers Selection Menu, follow these steps to delete a loan (**and any cost item related to the loan**), if ineligible for offset.

Step	Action
1	Input the applicable delete code from Exhibit 3 in the “DLT CDE” field on the line for the loan number to be deleted. If all of the debtor's loans are to be deleted, a delete code <b>must</b> be input for each loan.
2	Input any delete codes needed for all borrowers and their loans displayed on the screen.
3	PRESS “Enter”.  <b>Note:</b> “Enter” <b>must</b> be pressed for each page if a delete code has been entered. If “PF8” or “PF7” is pressed without pressing “Enter” first, the delete code will not be processed.
4	Once “Enter” has been pressed, “Borrower(s) Processed” will be displayed on the bottom left of the screen. The delete codes will be displayed in the loan line under the "Delete Code" column, which is left of the center of the screen. The current date will be displayed in the "Delete Date" column in the center of the screen.
5	Continue this process for all pages displayed for the requested servicing office or borrower.

Debtors with no delete code after screening should be in 1 of the following categories:

- loans at least 90 days past due
- account not in bankruptcy
- loan charged off
- employee defalcations
- no approved repayment plan.

**Note:** Before COB September 10, 1999, the delete code previously entered may be changed by inputting “00” if the debtor becomes eligible for offset, or by entering a new delete code. All loans that have no delete code input by COB September 10, 1999, or generated in the update process immediately following, will receive a 60-day notice. Debtors not receiving a 60-day notice will not be certified for offset and will not be added to TOP later.

---

#### 4 State Office Responsibility

---

##### A

##### Accessing Screens

State Offices can delete problem accounts serviced by their office online, if necessary.

State Offices can access the TOP offset screens as follows:

- select "TOPOFFST" from the Online Subsystem Selection Menu
- ENTER "1" in the "Enter Option" field to view all borrowers in the State selected
- enter the 2-digit non-FIPS State code in the "Enter State" field and PRESS "Enter". All debtors within the State will be displayed. Follow the steps in subparagraph 3 C to delete any applicable loans.

To delete a specific borrower, follow the steps in subparagraphs 3 B and C for option 3.

---

##### B

##### Verifying Screening Process

State Offices must follow up with servicing offices to ensure that the screening process has been completed by the September 10, 1999, deadline. To verify that the screening has been completed, view each servicing office screen for delete codes other than "00". If this field is "00" for all borrowers in the servicing office, there may be no debtors who are ineligible or the delete codes have not been processed. Contact servicing offices that have no delete codes on the loans to verify that the screening has been completed, and that no access problems exist.

---

## Treasury Offset Letter



United States  
Department of  
Agriculture

September 13, 1999

Farm and Foreign  
Agricultural  
Services

Farm Service  
Agency

Kansas City  
Management  
Office  
P.O. Box 200003  
St. Louis,  
Missouri  
63120-0003

Dear Debtor:

Our records indicate that you are more than 90 days past due on Farm Loan Program debt owed to the U.S. Department of Agriculture, Farm Service Agency (FSA). As of August 31, 1999, the debt included the delinquent loans listed on the back of this letter. You have 60 days to resolve this delinquent debt.

The following options are available to you for settling this debt.

- Pay the outstanding delinquent debt at your local servicing office immediately
- Make settlement arrangements with your local servicing office. Any settlement or repayment offer must be submitted in writing and must state the specific terms desired. Signed financial statements must be provided with any settlement or installment request. The financial statements must list all income and expenses and also include a balance sheet listing all assets and liabilities.

Inform your local servicing office of any bankruptcy proceedings. Debtors who have filed for bankruptcy, and for whom an automatic stay is in effect, may not be subject to the following collection actions. If this provision applies, please submit written proof of the bankruptcy proceedings to your local servicing office immediately.

If the delinquent debt is not involved in a bankruptcy proceeding and is not paid in full or settled with a signed, written agreement by November 23, 1999, this office will take all appropriate collection actions, including:

- Referring your debt to Treasury for offset of the following government payments:
  - Internal Revenue Service (IRS) income tax refunds;
  - Federal salary pay, including military pay;
  - Federal retirement, including military retirement pay;
  - contractor/vendor payments;
  - certain Federal benefit payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits (when regulations are published); and
  - other Federal payments, including certain loans to you, that are not exempt from offset.
- Referring your debt to Treasury for further collection actions.
- Reporting the debt to consumer and commercial credit bureaus.

The delinquent amount referred will include delinquent principal, accrued interest, and collection costs. The total due will continue to increase until the delinquency is paid or settled, and any discharged debt will be reported to IRS on Form 1099-C, Cancellation of Debt.

Continued on the next page

**Treasury Offset Letter (Continued)**

---

Debt which has been charged off, but not released from liability, will be referred to a Treasury-designated collection center.

You have the right to obtain a copy of the records for the listed delinquent debt. To obtain a copy of the records, send a written request to your local servicing office. Please provide your social security number or employer identification number and your complete mailing address with the request.

You have the right to review the validity of the delinquent debt amount. Any objections must be made in writing within 60 calendar days of the date of your receipt of this letter to your local servicing office. Please explain the reason for any challenge. Include any written evidence available to support your position. The information provided will be reviewed and you will be notified in writing of a determination.

If a joint Federal income tax return is filed, and your spouse is not responsible for this debt, obtain IRS Form 8379, Injured Spouse Claim and Allocation, from your local IRS office. The instructions will explain the steps your spouse may take to obtain his/her share of your joint income tax refund.

For further information, please call our toll-free number, (800) 428-9643.

Sincerely,

LESTER R. FLANDERMEYER  
Deputy Director, Finance



**TOP Offset Programmatic Delete Codes**

---

The following delete codes will be programmatically generated based on the status of the loan.

Code	Description
02	Account has a "BAP" flag.
08	Account has a "SAA" flag.
13	A cost item reversal put a Z99 paid code on the account. Transaction code 4A or 4D put a Z97 paid code on the account.
17	Loan is current or paid in full by cash payment.
19	Loan is satisfied by other than those reasons in codes 13, 17, and 38.
38	Account has been written off with a class of writeoff code other than "5".

---

**TOP Offset Online Screen Delete Codes**

---

The following delete codes are to be used by State and County Offices to remove ineligible borrowers from the offset process.

Code	Description
01	Account has been referred to OGC or Department of Justice for foreclosure and collection by offset would jeopardize the litigation under State law.  <b>Note:</b> Existence of a foreclosure action pending flag is not a determining factor. Remove any erroneous flag.
02	Loan has been discharged in bankruptcy and debtor is no longer liable, or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed.  <b>Note:</b> Existence of a bankruptcy action pending flag is used as a determining factor in the programmatic screening. Remove any erroneous flag.
07	Borrower was indebted to FSA before entering full-time active duty military service and is serviced according to RD Instruction 1950-C.
08	Loan is current under a Subject to Approved Adjustment (SAA).  <b>Note:</b> SAA is a bankruptcy reorganization plan or debt settlement adjustment. Borrowers who are delinquent in a reorganization plan will be ineligible for offset if still under court jurisdiction.
09	Loan is past the 10-year statute of limitations to collect by offset.
16	Repayment plan has been approved by FSA.

---